

Message Text

CONFIDENTIAL

PAGE 01 SEOUL 06079 120846Z
ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 EB-08 TRSE-00 CIAE-00 INR-10
NSAE-00 COME-00 OMB-01 SSO-00 INRE-00 /034 W
-----102818 120907Z /14
O 120831Z JUL 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC IMMEDIATE 2247

C O N F I D E N T I A L SEOUL 6079

E.O. 11652: GDS
TAGS: EFIN BENC XMB
SUBJ: SEOHAE THERMAL POWER PLANT--EXIMBANK PRELIMINARY COMMIT-
MENT NO. 78-04156

REF: A. STATE 174542, B. SEOUL 5891, C. SEOUL 5997

1. ON MORNING OF JULY 11, EXECUTIVE VICE PRESIDENT OF KECO
EXPRESSED GRATITUDE FOR U.S. EXIMBANK ADJUSTMENTS (REFTEL A)
"WHICH WILL ENABLE KECO TO GO TO THE U.S. SUPPLIERS."

2. ON EVENING OF JULY 10, SUBSEQUENT TO DISPATCH OF REFTEL
(C), KECO/MER DECIDED TO REFUSE IMPROVED HITACHI BID, AND
TO APPLY A 15 PERCENT DOMESTIC PREFERENCE TO THE PROJECT IN
ORDER TO JUSTIFY SELECTION OF THE HYUNDAI BIDS. RESULT OF
EXIM'S TIMELY IMPROVEMENTS WAS THAT HYUNDAI/COMBUSTION
ENGINEERING COULD BE GIVEN BID, AND HYUNDAI/GENERAL ELECTRIC
BID CAME WITHIN \$20,000 TO \$30,000 ABOVE THE FUJI DENKI BID
PLUS 15 PERCENT.

3. JULY 11 KOREA TIMES REPORTED DECISION TO GIVE ADVANTAGE
TO LOCAL FIRMS ON NON-NUCLEAR POWER PROJECTS. SWEDISH
AMBASSADOR, REPRESENTING ECONO, A JOINT SWEDISH-FINNISH BID,
PROTESTED TO MER RE INEQUITY OF INTRODUCING SUCH A MAJOR
CONSIDERATION (WHICH WAS NOT REPEAT NOT CONTAINED IN IFB)
AFTER ACCEPTANCE OF BIDS. (ECONO BID HAD ACTUALLY BEEN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SEOUL 06079 120846Z

ELIMINATED AS NON-COMPETITIVE WITHOUT REFERENCE TO THE 15
PERCENT PREFERENCE.)

4. KECO SUMMONED HYUNDAI AND GE JULY 11 TO A MEETING TO IRON
OUT THE \$30,000 DIFFERENCE, BUT WE ARE AS YET UNINFORMED OF
THE DISPOSITION OF THAT QUESTION. (KECO INTENDS TO MAKE UP
THE REDUCED AMOUNT TO HYUNDAI IN SOME FUTURE WAY AS NECESSARY

TO ASSURE THAT HYUNDAI BID IS CLEARLY BELOW THAT OF FUJI DENKI.)

5. IN SEPARATE CONVERSATIONS WITH RESPONSIBLE KECO OFFICIALS, WE WERE INFORMED THAT APPLICATION OF THE 15 PERCENT PREFERENCE TO THE UPCOMING SAMCHONPO PROJECT IS "HIGHLY LIKELY." RESULT WOULD BE, ASSUMING EXIMBANK CAN OFFER A TIMELY ROCK BOTTOM PACKAGE, THE SAME, IN THAT HYUNDAI INTERNATIONAL OR HYUNDAI HEAVY INDUSTRY WITH U.S. SUPPLIERS, WOULD WIN.

6. HAVING INTRODUCED DELAYS AND IRREGULAR ARBITRARY DECISIONS TO SWING SEOHAE TO U.S. SUPPLIERS AND FOR OTHER SENSITIVE REASONS, KECO OFFICIALS FEEL EXTREMELY RELUCTANT TO GO BEFORE UPCOMING NATIONAL ASSEMBLY INTERPELLATION TO OBTAIN A "REPUBLIC OF KOREA GUARANTEE," AND THEREFORE REQUEST U.S. EXIMBANK TO ACCEPT A KDB GUARANTEE ON THIS PROJECT. SAMCHONPO PROJECT HAS, OF COURSE, BEEN THROUGH THE NATIONAL ASSEMBLY, AND THEREFORE IT ALREADY IS AUTHORIZED A ROK GUARANTEE.

7. ACTION REQUESTED: THAT EXIMBANK ACCEPT A KDB GUARANTEE FOR THE SEOHAE PROJECT IN ORDER TO SPARE HARD PRESSED, BUT COOPERATIVE KECO LEADERSHIP EXPOSURE TO POT-SHOTTING LEGISLATORS WHO, FOR ANY NUMBER OF REASONS, WOULD WISH TO TAKE ISSUE ON THIS BID AGAINST THE ROKG, KECO AND/OR HYUNDAI INTERNATIONAL.
STERN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: THERMAL POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SEOUL06079
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780285-0120
Format: TEL
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780768/aaaacfpk.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 07de7e76-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 174542, 78 SEOUL 5891, 78 SEOUL 5997
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2033726
Secure: OPEN
Status: NATIVE
Subject: SEOHAE THERMAL POWER PLANT--EXIMBANK PRELIMINARY COMMIT- MENT NO. 78-04156
TAGS: EFIN, BENC, XMB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/07de7e76-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014